

Message Text

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SUBJECT: INFRASTRUCTURE -- FUND AVAILABILITY, OBLIGATIONS
AND PREFINANCING/RECOUPMENT ACTIONS

REF: USNATO 3922, DTG 171529Z APR 78
(B) USNATO 4804, DTG 130149Z MAY 78
(C) ARMY MSG, DTG 251711Z MAY 78 (NOTAL)

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FOLLOWING ARE REPLIES REQUESTED, KEYED TO PARA 11 OF REF A.

A. FOR FY 1978.

(1) AUTHORITY TO POSTPONE ADDITIONAL OBLIGATION AGAINST
CURRENCY REVALUATION FROM 1 JULY 1978 TO 1 OCTOBER 1978.

REPLY. REF C PROVIDES REQUIRED GUIDANCE.

FYI. THE HOUSE APPROPRIATIONS COMMITTEE REPORT ON MILITARY CONSTRUCTION APPROPRIATIONS, FY 1979, INCLUDES FOLLOWING LANGUAGE:

QUOTE. IN VIEW OF THE UNCERTAINTY OF THE VALUE OF THE DOLLAR FOR NATO INFRASTRUCTURE COMMITMENTS, OBLIGATIONAL ADJUSTMENTS FOR CURRENCY FLUCTUATIONS SHOULD

BE MADE AT THE TIME OF EXPENDITURE SINCE IT IS ONLY THEN THAT THE ULTIMATE COST IS KNOWN. PERIODIC OBLIGATIONAL ADJUSTMENTS FOR CURRENCY FLUCTUATION SERVE NO USEFUL PURPOSE. UNQUOTE. END FYI.

(2) USEUCOM AND COMPONENT COMMANDS URGENT ACTION TO RECOUP PAST-DUE PREFINANCED FUNDS.

REPLY. CONTINUING CONGRESSIONAL SCRUTINY AND QUESTIONS RAISED AT RECENT HEARINGS RELATIVE TO US PREFINANCING/ RECOUPMENT ACTIONS MANDATE THAT ALL AGENCIES TAKE ALL NECESSARY ACTIONS TO SECURE RAPID RECOUPMENT OF ALL US PREFINANCED FUNDS, INCLUDING THOSE THAT ARE PAST DUE. TO DO OTHERWISE IS AN INVITATION TO CRITICISM FROM REVIEWING AUTHORITIES, INCLUDING OMB, GAO, AND THE CONGRESSIONAL COMMITTEES.
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(3) DA ACTION TO ALLOT TO NSSG THE 4 MILLION DOLLARS FROM FY1978 TOA AND ANY FURTHER EARLY RECOUPMENTS.

REPLY. ARMY ADVISES 4 MILLION DOLLARS HAS BEEN ALLOTTED. IN ADDITION, ARMY PROPOSED TO OBTAIN APPORTIONMENT OF ADDITIONAL 8 MILLION DOLLARS FROM RECOUPMENTS RECEIVED FOR INFRASTRUCTURE.

B. FOR FY1979.

(1) CINCUSAFE ACTION TO RECOUP SLICE XXIX FUNDS (AT LEAST 20 MILLION DOLLARS) BY EARLY 1979.

REPLY. USAF ADVISES THERE SHOULD BE A RECOUPMENT OF ABOUT 20 MILLION DOLLARS DURING FY1979 FROM CINCUSAFE PREFINANCED PROJECTS FROM SLICE 29 AND EARLIER SLICES.

(2) OSD RULING ON CINCUSAFE PROPOSAL TO DISPOSE OF RECOUPED FUNDS.

REPLY. PARA 8 OF REF A STATES THAT US FUND COMMITMENTS

TO SLICE 29 PREFINANCING PROJECTS IN THE UK WOULD BE
CANCELLED AT TIME OF SLICE APPROVAL. ALL REMAINING
US OBLIGATIONS FOR UNEXPENDED CONTRACT BALANCES WOULD
BE BY DIRECT NATO FUNDING. THIS PROCEDURE IS IN
ACCORDANCE WITH PARA IVG OF DOD DIRECTIVE 2010.5, WHICH
REQUIRES THAT US APPROPRIATED FUNDS NOT BE EXPENDED ON
A PROJECT IN AN APPROVED SLICE. SINCE THE USAF ADVISES
THAT OUR FY1979 PROGRAMMED RECOUPMENT OF 20 MILLION DOLLARS
SHOULD STILL BE FORTHCOMING, WE SEE NO REASON TO DEVIATE

FROM THIS PROCEDURE. IN THE FUTURE WE SHOULD WHEREVER
POSSIBLE PUSH PROGRAMMING OF OLDER PREFINANCED PROJECTS
CONSISTENT WITH NATO PRIORITIES SO THAT RECOUPMENTS WILL
BE ACCELERATED.

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(3) OSD CONSIDERATION OF SUPPLEMENTAL APPROPRIATION
OR OTHER METHOD TO OFFSET EFFECTS OF WEAKENED DOLLAR.

REPLY. SECDEF HAS DECIDED AGAINST SUBMITTAL NOW OF A
FY1979 BUDGET AMENDMENT. FINAL CONGRESSIONAL APPROVALS
HAVE NOT AS YET BEEN MADE ON EVENTUAL LEVEL OF FUNDING
FOR FY1978, (SUPPLEMENTAL IS PENDING) OR FOR FY1979,
AND THERE IS NO WAY OF DETERMINING NOW WHAT THE
POSITION OF THE DOLLAR WILL BE LATER THIS YEAR. WE
INTEND TO REASSESS OUR POSITION IN THE FALL AND TAKE
APPROPRIATE ACTION TO ENSURE FULL AUTHORIZATION AND
FUND AVAILABILITY DURING FY1979.

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